

**Ameren Services**

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ORIGINAL

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February 28, 2008

04-0294

Ms. Elizabeth Rolando  
Chief Clerk  
Illinois Commerce Commission  
527 East Capitol Avenue  
Springfield, IL 62701



Re: Rider HMAc

Dear Ms. Rolando:

Pursuant to the terms and conditions of Rider HMAc, enclosed is the Annual Report and stated reconciliation.

ILLINOIS  
COMMERCE COMMISSION  
2008 FEB 29 11:43  
CHIEF CLERK'S OFFICE

Sincerely,

A handwritten signature in cursive script that reads "Edward C. Fitzhenry".

Edward C. Fitzhenry  
Managing Associate General Counsel

ECF/drm

**Illinois Power Company d/b/a AmerenIP  
Summary of Hazardous Materials Activities**

At the end of Calendar Year 2006, Illinois Power Company ("Company" or "AmerenIP") had thirty-five (35) pending personal injury or wrongful death claims involving allegations of exposure of asbestos or materials containing asbestos at the Company's facilities and/or formerly owned power plants. Each claim has been filed as a complaint in various State courts, including the Circuit Courts in Cook County, Marion County (Indiana), Madison County and the Circuit Court for the City of St. Louis (Missouri). During Calendar Year 2007, an additional thirteen (13) asbestos-related claims were filed against the Company.

The Company has retained the Hepler Broom Law Firm (Edwardsville, Illinois) and Williams, Venker, and Sanders, LLC (St. Louis, Missouri) to vigorously defend the claims against the Company. Both firms have extensive experience and expertise in defending asbestos-related claims. During 2007, with the assistance of these outside counsels, the Company was able to obtain the dismissal of six (6) claims and settled eleven (11) claims. As a result, the Company had thirty-one (31) pending asbestos-related claims at the end of 2007.

The Company paid the two law firms (and various local counsels) two hundred thirty thousand eight dollars and seventy-eight cents (\$230,008.78) in legal fees for the defense of the asbestos claims in 2007. Additionally, the Company paid two hundred seventy-nine thousand one hundred sixty-six dollars and sixty-six cents (\$279,166.66) to settle the eleven (11) claims.

In addition to the defense of the asbestos-related claims, the Company is also engaged in efforts to recover previously paid fees and expenses from insurers and other possible responsible parties that the Company has expended related to Hazardous Materials Activities. These activities include attempts to pursue coverage under the Company's historic insurance policies as well as attempting to obtain coverage as additional insured under policies issued to contractors. The Company has worked with the law firms previously mentioned as well as the Howrey Law Firm (Chicago, Illinois) in these efforts. During 2007, the Company incurred fees of one thousand four hundred eighty-four dollars and zero cents (\$1,484.00) related to its cost recovery efforts.

The trust fund created by Ameren Corporation at the closing of its purchase of the Company ("HMAC Cost Fund") had a balance of twenty-one million five hundred seventy two thousand nine hundred two dollars and forty-two cents (\$21,572,902.42) at the end of calendar year 2006. These funds are invested in short-term investment fund and nine hundred seventy-nine thousand four hundred twenty-six dollars and eighty-one cents (\$979,426.81) reflecting the interest earned during 2007 has been added to the HMAC Cost Fund. The balance at the end of calendar year 2007 was twenty-two million five hundred fifty-two thousand, three hundred twenty-nine dollars and twenty-three cents (\$22,552,329.23).

A review of the 2007 asbestos legal fees, expenses, and settlements previously reported in the quarterly reports was conducted as part of the reconciliation process. This annual report reflects adjustments from those previously reported. The adjustments included changes to reflect errors in (1) identifying other Ameren entities involved in certain lawsuits suits which typically reduced AmerenIP's share of fees and expenses; (2) removing fees and expenses for general liability, benzene case, welding fume case and MGP cases which had been inadvertently recorded in the asbestos accounting; and (3) accounting for invoices submitted by Hepler Broom for \$46,448.75 that were inadvertently not captured in the second quarter.

In sum, the Company expended five hundred ten thousand six hundred fifty-nine dollars and forty-four cents (\$510,659.44) in prudently incurred HMA Costs for calendar year 2007. The Company shall withdraw from the HMA Cost Fund four hundred fifty nine thousand five hundred ninety-three dollars and fifty cents (\$459,593.50), which reflects ninety percent (90%) of the amount of its annual cash expenditures for 2007 prudently incurred HMA Costs on or around April 1, 2008.

ILLINOIS POWER COMPANY d/b/a Ameren  
Rider HMAC  
Annual Reconciliation - 2007

	SERVICE CLASSIFICATION					
	DS 1 Residential	DS 2 Small General	DS 3 General	DS 4 Large General	DS 5 Lighting	Total
1 Actual 2007 Recoverable HMAC Costs	\$ 290,463.09	\$ 92,735.75	\$ 50,555.28	\$ 48,614.78	\$ 28,290.54	\$ 510,659.44
2						
3 90% of Actual 2007 Recoverable HMAC Costs	\$ 261,416.78	\$ 83,462.18	\$ 45,499.75	\$ 43,753.30	\$ 25,461.49	\$ 459,593.50
4						
5 Prior Period Annual Reconciliation Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6						
7 HMAC Trust Reimbursement	\$ (261,416.78)	\$ (83,462.18)	\$ (45,499.75)	\$ (43,753.30)	\$ (25,461.49)	\$ (459,593.50)
8						
9 Total Actual Costs for Recovery in 2007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10						
11 Less: Revenues Collected Based	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12 on Actual kWhs Billed	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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14 2007 Annual Reconciliation Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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**2007 Year End AmerenIP Report  
Hazardous Materials Adjustment Clause (HMAC) Rider  
Report for 2007 with Adjustments to  
1<sup>st</sup> – 4<sup>th</sup> Quarters January 1, 2007 – December 31, 2007  
Compliance Filings in ICC Docket No. 04-0294  
Reporting Date: February 29, 2008**

### HMAC Activity

AmerenIP has engaged in certain HMAC activities during this reporting period including, but not limited to, the defense of personal injury, wrongful death, bodily harm and/or personal and property damage arising from asbestos, material containing asbestos, and asbestos-related activities, handling related worker compensation claims, and activities related to legal efforts to recover costs from insurers or other responsible parties. Below details the current status of asbestos-related lawsuits filed against the Company.

2007	New Claims	Dismissed Claims	Settled Claims	Pending Claims
2006 Year End				35
1 <sup>st</sup> Quarter	6	3	1	37
2 <sup>nd</sup> Quarter	1	-	4	34
3 <sup>rd</sup> Quarter	5	1	3	35
4 <sup>th</sup> Quarter	1	2	3	31
YTD	13	6	11	31

### Costs and Expenses

2007	Claim Defense	Claim Settlement	Cost Recovery <sup>a</sup>	Sum of Asbestos Costs	Sum of the HMAC Costs For Period
	925	228	925		
1 <sup>st</sup> Quarter	\$48,907.24	\$25,000.00	\$0	\$73,907.24	\$73,907.24
2 <sup>nd</sup> Quarter	\$72,488.71	\$100,000.00	\$0	\$172,488.71	\$172,488.71
3 <sup>rd</sup> Quarter	\$47,593.71	\$37,500.00	\$1,100.00	\$86,193.71	\$86,193.71
4 <sup>th</sup> Quarter	\$61,019.12	\$116,666.66	\$384.00	\$178,069.78	\$178,069.78
YTD	\$230,008.78	\$279,166.66	\$1,484.00	\$510,659.44	\$510,659.44

### HMAC Cost Fund

2007	Beginning Balance	Interest Added <sup>b</sup>	Other Additions	Deductions	Ending Balance
1 <sup>st</sup> Quarter	\$21,572,902.42	\$257,945.67	-	-	\$21,830,848.09
2 <sup>nd</sup> Quarter	\$21,830,848.09	\$259,226.01	-	-	\$22,090,074.10
3 <sup>rd</sup> Quarter	\$22,090,074.10	\$248,656.69	-	-	\$22,338,730.79
4 <sup>th</sup> Quarter	\$22,338,730.79	\$213,598.44	-	-	\$22,552,329.23
YTD	\$21,572,902.42	\$979,426.81	-	-	\$22,552,329.23

<sup>a</sup> Legal activities associated with efforts to recover costs from insurers or other responsible parties.

<sup>b</sup> Interest is recorded monthly and is calculated based on the variable yield of the money market fund in which the corpus of the trust is invested.